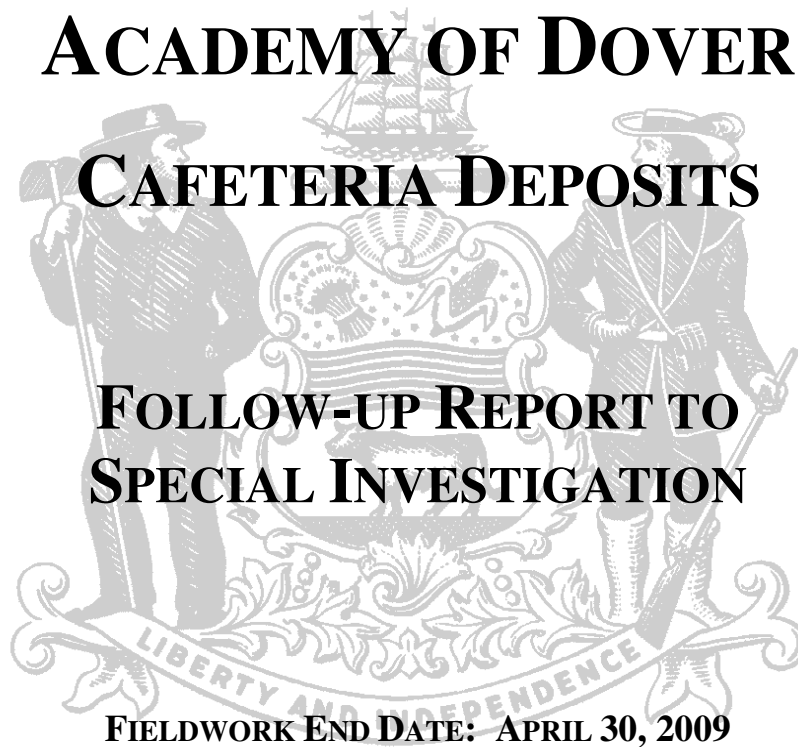


STATE OF DELAWARE
OFFICE OF
AUDITOR OF ACCOUNTS

ACADEMY OF DOVER
CAFETERIA DEPOSITS

FOLLOW-UP REPORT TO
SPECIAL INVESTIGATION



FIELDWORK END DATE: APRIL 30, 2009

R. THOMAS WAGNER, JR., CFE, CGFM, CICA
AUDITOR OF ACCOUNTS

Townsend Building, Suite 1
401 Federal Street
Dover, DE 19901
TELEPHONE (302) 739-4241
FACSIMILE (302) 739-2723
www.state.de.us/auditor/index.htm

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AUDIT AUTHORITY

Title 29, Del. C. c. 29 authorizes the Auditor of Accounts to file written reports containing:

1. Whether all expenditures have been for the purpose authorized in the appropriations;
2. Whether all receipts have been accounted for and paid into the State Treasury as required by law;
3. All illegal and unbusinesslike practices;
4. Recommendations for greater simplicity, accuracy, efficiency, and economy; and
5. Such data, information, and recommendations as the Auditor of Accounts may deem advisable and necessary.

BACKGROUND

While conducting the Fiscal Year 2006 (FY06) financial statement audit for Academy of Dover Charter School (the School), staff of the Office of Auditor of Accounts (AOA) discovered that funds received from students for sales of cafeteria items were not deposited during August and October 2005. Review of subsequent months did not reveal large deposits, indicating possible misappropriation of assets. AOA conducted a Special Investigation and subsequently issued a Special Investigation report dated February 12, 2007. Findings in the report included:

- The School did not have written policies and procedures related to (a) collecting and depositing cafeteria receipts, (b) reporting cafeteria activity, and (c) general controls such as segregation of duties, reconciliations, and management review.
- The School did not maintain sufficient supporting documentation for cafeteria sales.
- The School's *Bi-Annual Financial Report for School Lunch, Breakfast, Snack Program* was not prepared accurately or timely.

AOA conducted this follow-up engagement to determine if the above findings were satisfactorily corrected.

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE AND SCOPE

The objective of this follow-up engagement was to identify and evaluate the adequacy of management actions in response to the findings and recommendations included in the Special Investigation report dated February 12, 2007.

The scope of this engagement, a non-audit service, was limited to the findings and recommendations in the aforementioned report. Testing of the status of the previous recommendations was performed for the period from January 1, 2008 through January 31, 2009.

METHODOLOGY

Procedures consisted of interview and inquiry of key personnel, inspection and confirmation of documentation, and observation. The current status of findings and recommendations was reported as follows:

Implemented:	The concern has been addressed by implementing the original or an alternate corrective action.
Not Implemented:	The corrective action has not been initiated.
Partially Implemented:	The corrective action has been initiated but is not complete, and the auditor has reason to believe management fully intends to address the concern.
Withdrawn:	The concern no longer exists because of changes in the Department's processes and/or the auditor has reason to believe the issue is no longer relevant.

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

Finding	Recommendation	Current Year Status
Academy of Dover Charter School's internal control is insufficient to meet the achievement of objectives in the following categories: effectiveness and efficiency of operations, and compliance with applicable laws and regulations.	The School obtain training for the Board, management, and others tasked with financial responsibility.	Implemented.
<p>The State of Delaware <i>Budget and Accounting Manual</i> states that department or agency heads are responsible for establishing and maintaining an effective system of internal control.</p> <p>Lack of knowledge of State laws, regulations, and guidelines, as well as a weak internal control structure resulted in non-compliance with State laws, regulations, guidelines, and increased risk of misappropriation of assets.</p>	The School maintain accurate accounting records in order to facilitate and ensure the accurate and timely preparation of the <i>Bi-Annual Financial Report for School Lunch, Breakfast, Snack Program</i> . The School meet with the DOE to obtain training regarding preparation of the report.	<p>Partially implemented.</p> <p>The June 30, 2008 report was not properly supported and was not submitted timely. However, management hired after June 30, 2008, took actions to ensure that the December 30, 2008 report was completed timely and was properly supported.</p>
	The School develop and implement detailed, written policies and procedures for cafeteria activity. The policies and procedures should address responsibilities, segregation of duties, proper safeguarding of State assets, timely deposits, reconciliation, management review, and reporting.	<p>Partially Implemented.</p> <p>Management developed and implemented detailed policies and procedures. However, the procedures have not been updated to reflect changes to cash handling processes to reflect current operations.</p>

DISTRIBUTION OF REPORT

Copies of this report have been distributed to the following public officials:

The Honorable Jack Markell, Governor, State of Delaware

The Honorable Russell T. Larson, Controller General, Office of the Controller General

The Honorable Joseph R. Biden, III, Attorney General, Office of the Attorney General

Officials of Audited Entities

The Honorable Dr. Lillian Lowery, Secretary, Department of Education

Mr. Noel Rodriguez, Principal, Academy of Dover

Ms. Mary M. Scott, Chairman, Academy of Dover School Board